

Attachment One

INSTRUCTIONS FOR OBTAINING QUOTATIONS FOR PURCHASES OF LESS THAN \$50,000

Under Arizona laws, State Government agencies are required to seek competition as follows for purchases of less than \$50,000:

Products and Services on State Contract – Certain products and services are designated for purchase from State contractors and are identified on the Enterprise Procurement Services (EPS) website. Buyers cannot seek substitutes for State contract products, services or contractors unless authorized by the State Procurement Administrator or designee.

Quotation Requirements

- **Less than \$1,000** – Buyer shall seek fair and reasonable pricing and terms. Competition is not required.
- **\$1,000 to \$4,999.99** - If practicable, buyers shall request verbal or written quotations from at least three bidders.
- **\$5,000 to \$9,999.99** - If practicable, buyers shall request written quotations, preferably on State forms, from at least three bidders.
- **\$10,000 to \$49,999.99** – If practicable, Buyers shall request quotations using the EPS electronic notification/distribution system (SPIRIT or Fax-On-Demand) or seek competitive bids (A.R.S. §41-2533) or proposals (A.R.S. §41-2534).

Rotation of Suppliers - When seeking quotations, agencies shall rotate the suppliers solicited to give all vendors a fair and equal opportunity to compete.

Awarding Contracts - When practical, purchases of less than \$50,000 shall be made from small businesses.

Procurement Authority - Agencies may not enter into contracts that exceed the delegated procurement authority of the agency.

General Guidelines for Obtaining Quotations

1. A small business is defined as a business with either less than 100 employees or less than \$4 million in annual sales.
2. State Government Agencies shall actively seek at least one quote for each purchase from a minority or woman-owned small business. To qualify as a minority or women-owned business, the business must be at least 51% minority or women owned.
3. Verification of minority and women ownership is encouraged. A number of organizations certify minority and women-owned businesses, including Maricopa

County, Arizona Department of Transportation, Grand Canyon Minority Supplier Development Council and the cities of Phoenix and Tucson.

4. When seeking quotations, refer to the EPS "SPIRIT" registered vendor list. Other business directories are available from the Arizona Department of Commerce and small and minority- and women-owned business associations. Several of these directories are linked to the Arizona EPS website.
5. Contact at least three small businesses, including one minority or women-owned business for a competitive quotation. Buyers may contact more than three businesses and more than one minority- or women-owned business.
6. When requesting quotes, buyers shall "rotate" the suppliers invited to submit quotations so that all suppliers have a fair and reasonable opportunity to compete for State business.
7. If at least one acceptable quotation, with a fair and reasonable price is received from a small business, the buyer may award the contract to the bidder who submitted the most advantageous quotation.
8. If the buyer is unable to find a minority or women-owned firm for the required product or service, the buyer shall prepare a brief explanation for the procurement file and continue to seek quotations.
9. If the buyer does not receive a reasonable quotation from a small business, the buyer should seek quotes from additional prospective small business suppliers. If after making a reasonable effort, the buyer is unable to obtain a reasonable quotation from a small business, the buyer may seek quotes from large businesses.
10. If a large business responds to a quotation reserved for small businesses, the quotation may not be considered for award of the contract. The large business may be invited to submit a quote, along with other large businesses if no acceptable quotes are received from small businesses.
11. If less than three firms respond with a quotation, when practicable the agency should request quotes from one or more additional firms.
12. When posting opportunities on the electronic notification/distribution system (Fax-On Demand or SPIRIT for purchases of \$10,000 to \$49,999.99), buyer shall notify or transmit the quotation documents to at least one minority or women-owned business.
13. When obtaining quotations, awards shall be made to the most advantageous bidder. Buyers may consider total life-cycle costs, delivery, warranty and other relevant factors in determining the most advantageous bidder.